

Multi Point Surface Use and Operations Plan
OXY USA Inc.'s Federal AK #1

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- H. Surface Ownership: The wellsite and access road are all on private surface owned by K&M Partnership, P. O. Box 129, Carlsbad, New Mexico 88221.

Mr. B. H. Kraemer, a partner in K&M Partnership has been notified of our intention to drill and our offer of \$2000 for the location and \$5.00 per rod for the access road as settlement for damages to the surface. A copy of our proposed settlement is attached.

Upon completion of the well, any plastic material used to line the pits or sumps will be cut off below ground level as far as possible and disposed of before the pits are covered. All unattended pits containing liquid will be fenced and the liquid portion allowed to evaporate before the pits are broken and backfilled.

All waste associated with the drilling operation will be buried in place in a separate trash pit. All garbage and debris left on site will be buried at least 3' deep. The well site, if a producer, will be maintained and kept clean of all trash and litter which detracts from the surrounding environment. Equipment will be maintained in accordance with good operating practice.

After the wellsite is cleaned and pits and sumps back-filled, any obstruction to the natural drainage will be corrected by ditching or terracing. All disturbed areas, including any access road no longer needed, will be ripped. Those areas will be reseeded with grass if, in the opinion of the land owner, it is required.

12. Operator's Representatives

The field representatives responsible for assuring compliance with the approved surface use and operations plan are as follows:

Mr. S.C. Nichols, Production Foreman
P.O. Box 69
Hobbs, New Mexico 88240

Office Phone: 505/393-2174
Home Phone: 505/392-5943